

REFERENCE TITLE: *property tax; valuation; inflation limitation*

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SCR 1018

Introduced by
Senator Huppenthal

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX,
SECTION 18, CONSTITUTION OF ARIZONA; RELATING TO PROPERTY TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of
2 Representatives concurring:

3 1. Article IX, section 18, Constitution of Arizona, is proposed to be
4 amended as follows if approved by the voters and on proclamation of the
5 Governor:

6 18. Residential ad valorem tax limits: limit on
7 increase in values; definitions

8 Section 18. (1) The maximum amount of ad valorem taxes
9 that may be collected from residential property in any tax year
10 shall not exceed one per cent of the property's full cash value
11 as limited by this section.

12 (2) The limitation provided in subsection (1) does not
13 apply to:

14 (a) Ad valorem taxes or special assessments levied to pay
15 the principal of and interest and redemption charges on bonded
16 indebtedness or other lawful long-term obligations issued or
17 incurred for a specific purpose.

18 (b) Ad valorem taxes or assessments levied by or for
19 property improvement assessment districts, improvement districts
20 and other special purpose districts other than counties, cities,
21 towns, school districts and community college districts.

22 (c) Ad valorem taxes levied pursuant to an election to
23 exceed a budget, expenditure or tax limitation.

24 (3) Except as otherwise provided by subsections (5), (6)
25 and (7) ~~of this section~~:

26 (a) THE VALUE OF REAL PROPERTY AND IMPROVEMENTS AND THE
27 VALUE OF MOBILE HOMES USED FOR ALL AD VALOREM TAXES FOR THOSE
28 PURPOSES SPECIFIED IN SUBSECTION (2) SHALL BE AN AMOUNT
29 DETERMINED BY ADJUSTING THE VALUE OF THE PROPERTY DETERMINED
30 PURSUANT TO THIS SUBSECTION FOR THE PRIOR YEAR BY THE PERCENTAGE
31 CHANGE IN THE PRECEDING YEAR IN THE GDP PRICE DEFLATOR REPORTED
32 BY THE UNITED STATES DEPARTMENT OF COMMERCE. THE LEGISLATURE
33 SHALL PROVIDE BY LAW A UNIFORM PROCEDURE FOR DETERMINING AND
34 NOTIFYING COUNTY ASSESSORS OF THE PERCENTAGE TO BE USED IN
35 APPLYING THIS SUBDIVISION EACH YEAR AND MAY TAKE INTO ACCOUNT
36 ANY CHANGES MADE IN THE FORMULA FOR CALCULATING THE GDP PRICE
37 DEFLATOR. THE VALUE OF ANY RESALE PROPERTY SHALL BE THE FULL
38 CASH VALUE OF THE PROPERTY.

39 (b) The value of real property and improvements and the
40 value of mobile homes used for all ad valorem taxes except those
41 specified in subsection (2) shall be the lesser of the full cash
42 value of the property or an amount ten per cent greater than the
43 value of property determined pursuant to this subsection for the
44 prior year or an amount equal to the value of property
45 determined pursuant to this subsection for the prior year plus

1 one-fourth of the difference between such value and the full
2 cash value of the property for current tax year, whichever is
3 greater.

4 (4) The legislature shall by law provide a method of
5 determining the value, ~~subject to the provisions of subsection~~
6 ~~(3)~~, of new OR CHANGED property FOR THE PURPOSES OF SUBSECTION
7 (3).

8 (5) The limitation on increases in the value of property
9 prescribed in subsection (3) does not apply to equalization
10 orders that the legislature specifically exempts by law from
11 such limitation.

12 (6) Subsection (3) does not apply to:

13 (a) Property used in the business of patented or
14 unpatented producing mines and the mills and the smelters
15 operated in connection with the mines.

16 (b) Producing oil, gas and geothermal interests.

17 (c) Real property, improvements thereto and personal
18 property used thereon used in the operation of telephone,
19 telegraph, gas, water and electric utility companies.

20 (d) Aircraft that is regularly scheduled and operated by
21 an airline company for the primary purpose of carrying persons
22 or property for hire in interstate, intrastate or international
23 transportation.

24 (e) Standing timber.

25 (f) Property used in the operation of pipelines.

26 (g) Personal property regardless of use except mobile
27 homes.

28 (7) A resident of this state who is sixty-five years of
29 age or older may apply to the county assessor for a property
30 valuation protection option on the person's primary residence,
31 including not more than ten acres of undeveloped appurtenant
32 land. To be eligible for the property valuation protection
33 option, the resident shall make application and furnish
34 documentation required by the assessor on or before September 1.
35 If the resident fails to file the application on or before
36 September 1, the assessor shall process the application for the
37 subsequent year. If the resident files an application with the
38 assessor on or before September 1, the assessor shall notify the
39 resident whether the application is accepted or denied on or
40 before December 1. The resident may apply for a property
41 valuation protection option after residing in the primary
42 residence for two years. If one person owns the property, the
43 person's total income from all sources including nontaxable
44 income shall not exceed four hundred per cent of the
45 supplemental security income benefit rate established by section

1 1611(b)(1) of the social security act. If the property is owned
2 by two or more persons, including a husband and wife, at least
3 one of the owners must be sixty-five years of age or older and
4 the owners' combined total income from all sources including
5 nontaxable income shall not exceed five hundred per cent of the
6 supplemental security income benefit rate established by section
7 1611(b)(1) of the social security act. The assessor shall
8 review the owner's income qualifications on a triennial basis
9 and shall use the owner's average total income during the
10 previous three years for the review. If the county assessor
11 approves a property valuation protection option, the value of
12 the primary residence shall remain fixed at the full cash value
13 in effect during the year the property valuation protection
14 option is filed and as long as the owner remains eligible. To
15 remain eligible, the county assessor shall require a qualifying
16 resident to reapply for the property valuation protection option
17 every three years and shall send a notice of reapplication to
18 qualifying residents six months before the three year
19 reapplication requirement. If title to the property is conveyed
20 to any person who does not qualify for the property valuation
21 protection option, the property valuation protection option
22 terminates, and the property shall revert to its current full
23 cash value.

24 (8) The legislature shall provide by law a system of
25 property taxation consistent with the provisions of this
26 section.

27 (9) For THE purposes of this section:

28 (a) "Owner" means the owner of record of the property and
29 includes a person who owns the majority beneficial interest of a
30 living trust.

31 (b) "Primary residence" means all owner occupied real
32 property and improvements to that real property in this state
33 that is a single family home, condominium, townhouse or an owner
34 occupied mobile home and that is used for residential purposes.

35 2. The Secretary of State shall submit this proposition to the voters
36 at the next general election as provided by article XXI, Constitution of
37 Arizona.